

# Deal Drivers: Americas FY 2021

A spotlight on mergers and  
acquisitions trends in **2021**

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# Foreword: M&A hits epic proportions in 2021

Vaccine rollouts and the return of investor confidence delivered one of the best economic performances in nearly five decades in much of the Americas. In the US, the largest M&A market of the region by far, GDP was up at a 6.9% annualized rate in the fourth quarter, a growth rate around three times that of pre-pandemic levels.

These conducive conditions delivered a bona fide explosion of M&A activity, with some of the largest corporate acquisitions, PE deals and special purpose acquisition companies (SPACs) mergers ever seen. Predictably, everything technology-related took center stage, the broader technology, media and telecommunications (TMT) sector blitzing past all other industries and even its own previous records.

Rock-bottom interest rates and well-performing stock prices through most of the year have stoked the fire, as has the private equity (PE) industry's massive amount of dry powder (US\$2.3tn according to Preqin).

Corporates remain under pressure to transact. Non-core assets are being disposed of to raise cash to pay down debts after balance sheet expansion during the pandemic. Proceeds of these divestitures are also being used to make new acquisitions that can push companies in new directions and secure their futures. Meanwhile, on top of the levels of PE dry powder, there are also unprecedented levels of SPAC capital sitting on the sidelines.

Momentum did slightly tail off in the final quarter of the year, which coincided with important areas of the stock market cooling. In particular, growth stocks have taken something of a drubbing moving into 2022, as concerns over monetary tightening start to take precedence. Investors have been fretting over what more hawkish central bank policy might mean for returns at the more speculative end of the asset spectrum. However, provided that GDP growth sustains, a slow, gradual rise in interest rates that comes from robust underlying growth should engender corporate confidence.

Ultimately, the fundamentals that predicated 2021's blow-out M&A performance are largely all still in place. The economy is still growing, there is compelling evidence that the pandemic is becoming more manageable and there is surplus dealmaking capital. This all points to a healthy pipeline of activity. Whether 2022 can repeat last year's spectacular showing, however, is another matter.



# Outlook: Americas heat chart

TMT shows no signs of vacating its throne. A total of 647 stories about companies coming up for sale in the sector were published over the past six months on Mergermarket's intelligence platform. Price multiples may have gotten overstretched, but the fundamental value proposition of technology in a world that is constantly being disrupted remains in place.

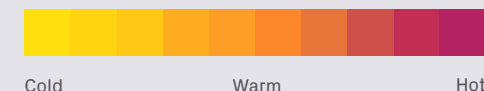
Not too far behind is financial services, with 607 “company for sale” stories in the sector in the second half of last year. The US has a highly fragmented banking system, and banks are under pressure to consolidate, especially as they additionally face competition from fintechs. In this way, financial services deal activity benefits from the tech tailwinds that are propelling TMT.

Another sector that is expected to be busy over the coming year is pharma, medical, and biotech (PMB). No surprises here given the challenges of the past two years, which have compounded already growing healthcare demand. There were 367 “for sale” stories in H2 2021 in the sector.

Across the Americas, the US has the most pipeline activity by a long stretch, the country claiming 78% of the region's “companies for sale” stories, followed by Brazil and then Canada. Within the US, it is the economically prosperous coastal regions where the richest source of deals are expected to be found over the coming months.

Heat chart based on potential companies for sale

	Brazil	Canada	Western US	Midwestern US	Southern US	Northeastern US	Latin America & Caribbean	TOTAL
TMT	101	28	157	52	113	166	30	647
Financial services	81	12	124	66	123	164	37	607
Pharma, medical & biotech	13	18	87	52	84	112	1	367
Business services	29	20	85	36	68	83	4	325
Industrials & chemicals	20	19	51	51	72	58	4	275
Energy, mining & utilities	36	29	40	18	54	40	16	233
Consumer	35	11	57	24	40	51	14	232
Leisure	18	3	16	11	14	24	5	91
Real estate	11	10	6	9	8	7	4	55
Construction	26	1	6	4	2	5	5	49
Transportation	10	2	3	3	13	6	2	39
Defense	2	3	3	1	3	2	1	15
Agriculture			3		8	3		14
<b>TOTAL</b>	<b>382</b>	<b>156</b>	<b>638</b>	<b>327</b>	<b>602</b>	<b>721</b>	<b>123</b>	<b>2,949</b>



Note: The Intelligence Heat Charts are based on “companies for sale” tracked by Mergermarket in the respective regions between July 01, 2021 and December 31, 2021. Opportunities are captured according to the dominant geography and sector of the potential target company.

A middle-aged man with grey hair, wearing a dark blue sweater over a white shirt and tie, is seated at a dark table. He is gesturing with both hands as if in conversation. Across from him, the back of another man's head and shoulder is visible. On the table are several documents, a tablet, and a brown paper coffee cup. The background is a blurred office or cafe setting with teal pendant lights. The image features several graphic overlays: a yellow bar on the left containing the text 'All sectors', a grey square in the upper right, and an orange bar behind the man's head.

**All sectors**

# M&A in the Americas shatters records

As economies reopened and business activity roared back to life, M&A in the Americas in 2021 continued the momentum that began in the second half of 2020 to reach new record heights.

This burst of activity came in at US\$2.86tn across 9,755 transactions. To put this into perspective, value and volume were up more than 102% and 39% respectively on 2020.

The year had everything necessary for this boom. Corporates have been eager to divest to modify their strategies in a post-COVID world, while financing remains cheap thanks to stimulative monetary policy, and PE and SPACs have been eagerly hunting down opportunities.

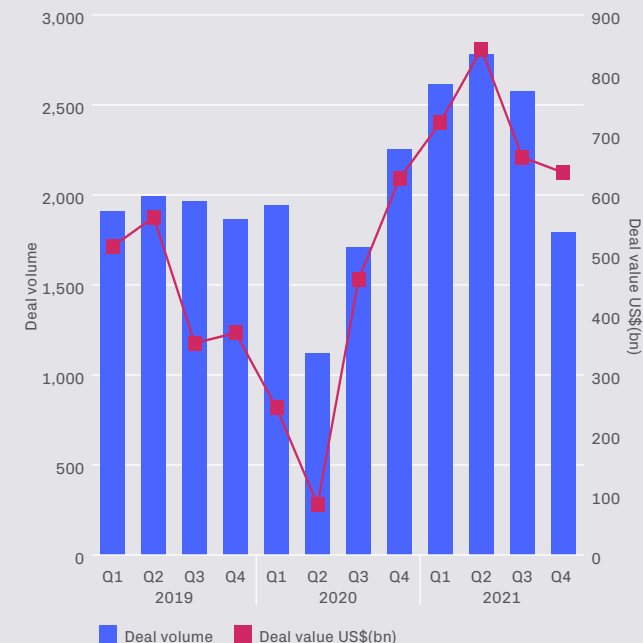
## TMT goes big

TMT left all other sectors in the dust once again. Tech-enabled innovation in particular is a long-term trend that has helped to propel TMT to the top of the rankings for a number of years, as industries continue to be disrupted in novel ways. Since the pandemic arrived, this narrative has gained even more ground.

However, it was a media deal that stole the show in 2021. The telco behemoth AT&T put an end to its brief sojourn into content creation when it sold TV and movie studio WarnerMedia to Discovery in a titanic deal valued at US\$96.2bn, only three years after acquiring the asset. Corporate divestitures and spin-offs in the North American market, which totaled US\$645bn in 2021, overtaking 2015's previous record of US\$604bn, have been an especially rich source of megadeal flow.

In addition to WarnerMedia, a handful of similarly huge deals helped to push TMT deal value past the US\$1tn mark for the first time in history. The sector saw no less than US\$1.1tn invested across 2,954 deals, respective annual gains of 156% and 64%. This also means that TMT deal value has just beaten out every other sector in every previous year.

## All sectors M&A activity, 2019-2021



Source: Mergermarket



## Buyout bonanza

Private equity activity has once again proven itself to be a force to be reckoned with. Buyout value exploded to US\$710.3bn invested across 2,721 deals, gains of 145% and 70% on pre-pandemic levels in 2019. And it is not just primary deals that sponsors have been scooping; the rebound in confidence and business activity allowed fund managers to realize profits on their existing holdings. Exit value rose 66% on 2019 to US\$513.2bn while numbers climbed to 1,673, up 36% over the same period.

Last year witnessed a slate of truly colossal PE fundraises. Ahead of the pack was Hellman & Friedman's tenth flagship buyout fund, which hauled in US\$24.4bn and topped a list that included Silver Lake's US\$20bn sixth flagship vehicle. The PE gravy train is expected to continue on its tracks, too, with Carlyle currently in the market seeking US\$27bn for its latest fund, which, if successful in meeting its target will be the largest buyout fund raised in PE history.

The industry's mega firm managers have benefited from the travel restrictions imposed by the pandemic. Institutional investors have gravitated toward established, name brand managers in the remote fundraising environment, committing capital to funds with proven track records to capitalize on the market dislocation and pressure on industries to adapt.

## Americas top sectors by value | 2021

	US\$(m)
TMT	1,094,366
Industrials & chemicals	320,740
Financial services	300,469
Pharma, medical & biotech	299,863
Energy, mining & utilities	255,492

## Americas top sectors by volume | 2021

	Deal count
TMT	2,954
Industrials & chemicals	1,363
Business services	1,210
Pharma, medical & biotech	1,137
Financial services	838

## Americas top bidders by value | 2021

	US\$(m)
USA	2,150,433
Canada	196,794
Brazil	70,735
France	64,965
United Kingdom	56,173

## Americas top bidders by volume | 2021

	Deal count
USA	7,921
Canada	867
Brazil	631
Mexico	74
Chile	57

## Slight headwinds on the horizon

Globally, dry powder now stands at US\$2.3tn across the private capital landscape, with more than half of this earmarked for buyouts. Private equity is therefore primed for more acquisitions and is the perfect complement for the continued wave of operational restructuring that corporates are undergoing.

And although the global financial community is keeping an eye on high inflation rates and consequent moves by central banks around the world to raise interest rates, even an aggressive approach to rate hikes will still leave interest rates low by historical standards.

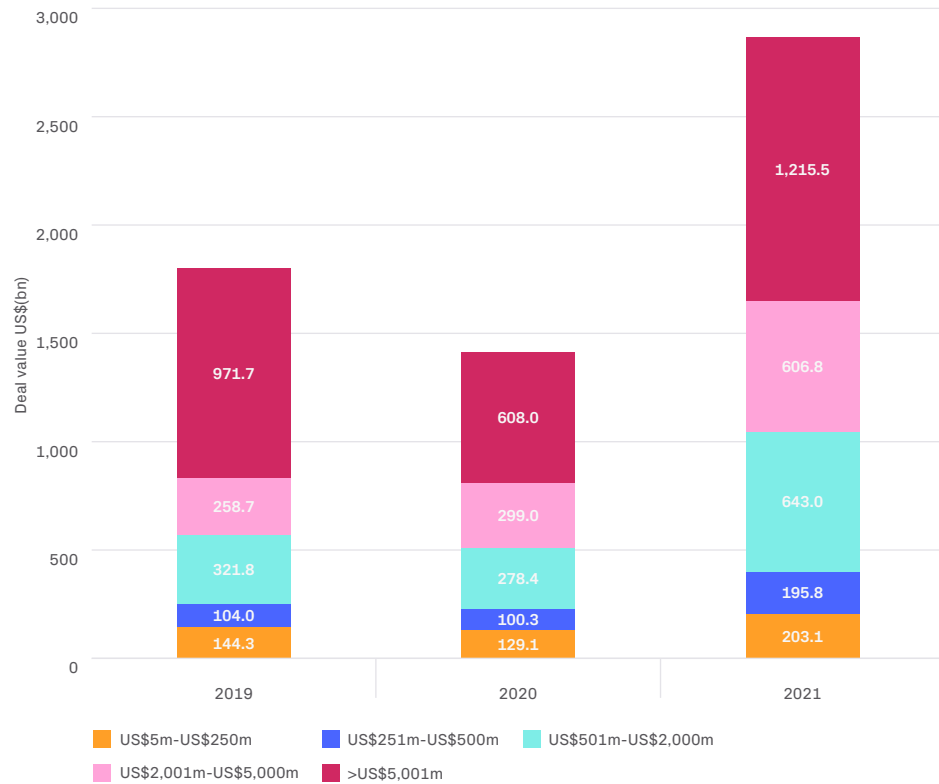
The weakening of the stock market in late 2021 and early 2022 is unlikely to suppress appetite for M&A. If anything, the market correction has made asset prices more attractive and is likely to spur interest from financial sponsors and strategics alike. Zooming out, equities remain at historically high levels, supporting corporate divestment strategies. It will be hard to top 2021's record boom, but everything points to 2022 being an exceptional year for M&A in the Americas whatever happens.

## All sectors top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant sector	Vendor company	Deal value (US\$m)
1	17-May-21	Discovery, Inc.	WarnerMedia, LLC	TMT	AT&T Inc.	96,153
2	14-Apr-21	Dell Technologies Inc. (Shareholders)	VMware, Inc. (80.65% Stake)	TMT	Dell Technologies Inc.	60,813
3	12-Jul-21	Lionheart Acquisition Corporation II	MSP Recovery, LLC	TMT		44,334
4	20-Oct-21	PayPal Holdings, Inc.	Pinterest, Inc. (100% Stake)	TMT		38,862
5	05-Jun-21	The Carlyle Group; Hellman & Friedman LLC; Blackstone Group Inc.; Abu Dhabi Investment Authority; GIC Private Limited	Medline Industries, Inc.	Pharma, medical & biotech		34,000
6	22-Jun-21	Vivendi S.A. (Shareholders)	Universal Music Group BV	TMT	Vivendi S.A.	32,461
7	21-Mar-21	Canadian Pacific Railway Ltd	Kansas City Southern	Transportation		31,101
8	10-Mar-21	AerCap Holdings N.V.	GE Capital Aviation Services LLC	Financial services	General Electric Company	31,086
9	16-Dec-21	Oracle Corporation	Cerner Corporation (100% Stake)	TMT		29,201
10	22-Feb-21	Lucid Group, Inc.	Atieva, Inc.	Industrials & chemicals		28,494

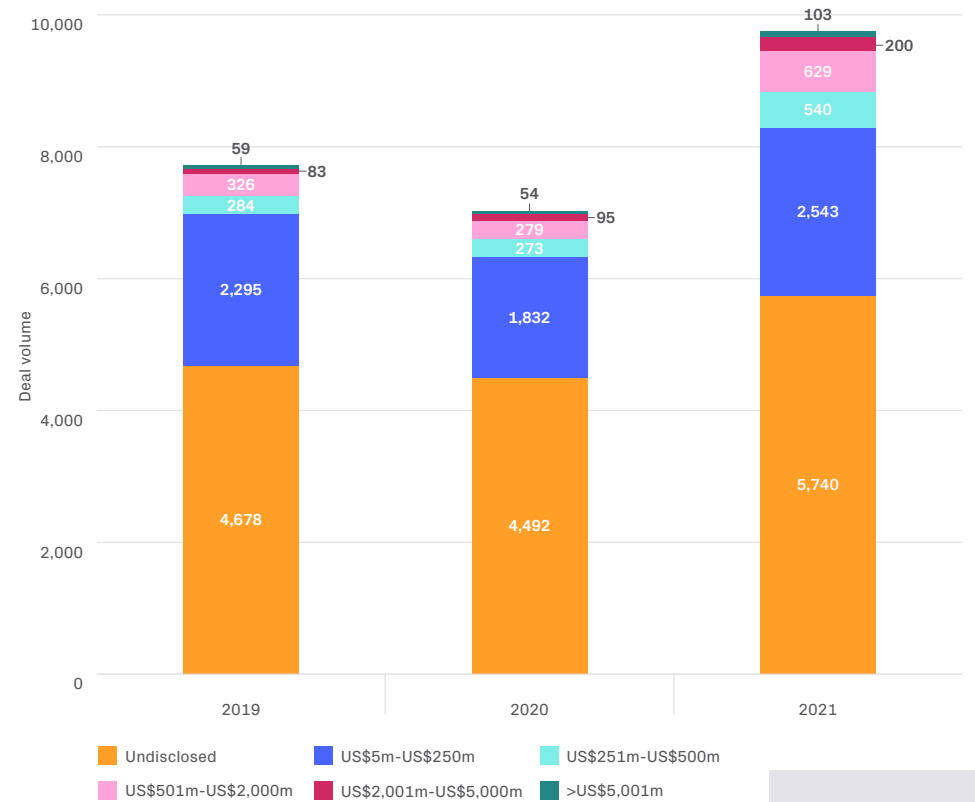


## All sectors M&A value split by deal size



Source: Mergermarket

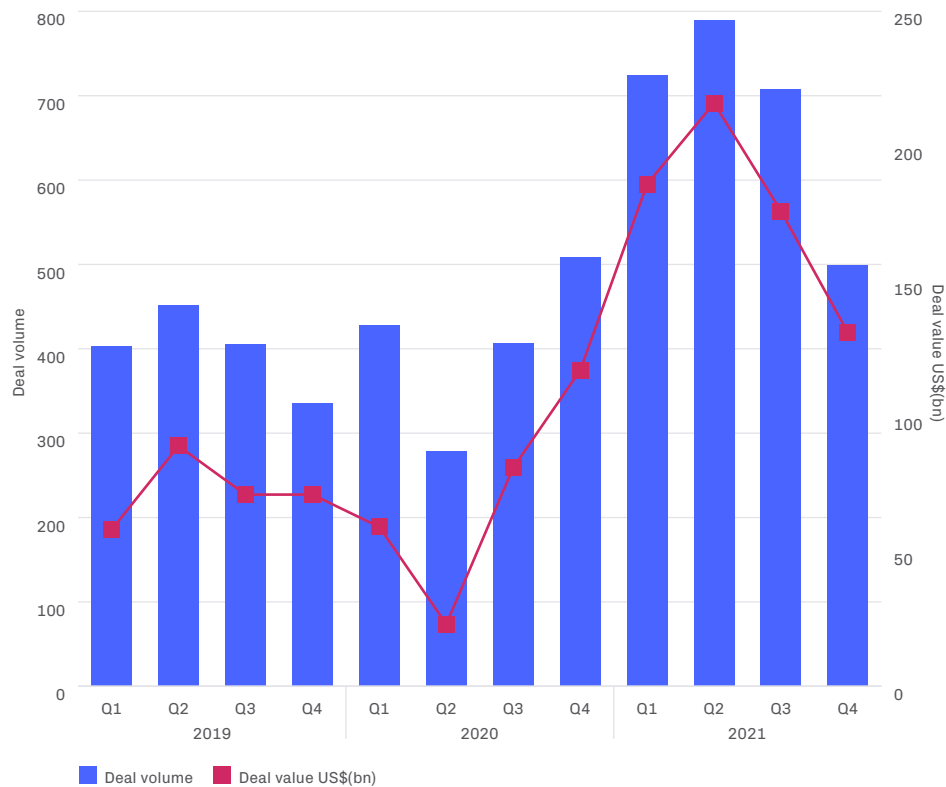
## All sectors M&A volume split by deal size



Source: Mergermarket

## All sectors PE buyouts

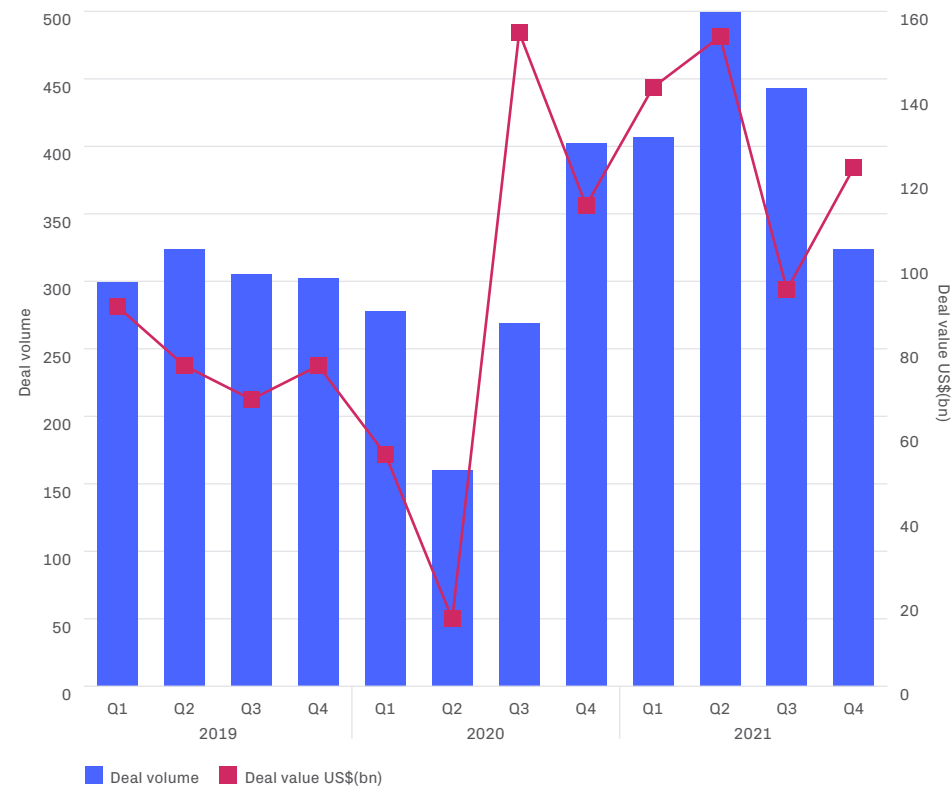
Based on announced buyouts, excluding those that lapsed or were withdrawn, where the dominant location of the target is in the Americas.



Source: Mergermarket

## All sectors PE exits

Based on announced exits, excluding those that lapsed or were withdrawn, where the dominant location of the target is in the Americas.



Source: Mergermarket

## All sectors league tables

### Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Goldman Sachs & Co	73,758	35
2	8	Barclays	33,533	22
3	4	JPMorgan	33,095	24
4	7	Citi	30,754	19
5	9	Credit Suisse	29,704	15
6	3	Bank of America	29,471	19
7	5	Morgan Stanley	16,667	10
8	10	Centerview Partners	14,963	7
9	-	Connaught	12,934	1
10	2	Evercore	12,084	13

### Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	11	Goldman Sachs & Co	73,758	35
2	3	JPMorgan	33,095	24
3	21	Barclays	33,533	22
4	5	Stifel/KBW	7,075	20
5	9	Citi	30,754	19
6	8	Bank of America	29,471	19
7	6	Jefferies	10,156	19
8	22	Credit Suisse	29,704	15
9	7	Raymond James	315	14
10	1	Evercore	12,084	13

### Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	2	Wachtell, Lipton, Rosen & Katz	520,578	104
2	4	Sullivan & Cromwell	511,631	177
3	3	Kirkland & Ellis	507,726	782
4	7	Simpson Thacher & Bartlett	502,070	203
5	1	Latham & Watkins	490,568	489
6	12	White & Case	408,813	258
7	6	Davis Polk & Wardwell	348,806	179
8	5	Skadden Arps Slate Meagher & Flom	342,972	251
9	9	Cravath, Swaine & Moore	342,035	86
10	14	Paul Weiss Rifkind Wharton & Garrison	305,617	173

### Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Kirkland & Ellis	507,726	782
2	3	Latham & Watkins	490,568	489
3	2	DLA Piper	127,423	451
4	4	Goodwin Procter	127,662	405
5	7	Wilson Sonsini Goodrich & Rosati	76,065	349
6	5	Sidley Austin	147,657	296
7	14	White & Case	408,813	258
8	12	Skadden Arps Slate Meagher & Flom	342,972	251
9	8	Jones Day	80,174	251
10	9	Ropes & Gray	184,000	242

## All sectors league tables—mid-market

### Financial advisors by value—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	-	Goldman Sachs & Co	669	4
2	1	Stifel/KBW	530	6
3	69	Deloitte	475	3
4	15	Perella Weinberg Partners	431	2
5	10	Citi	382	2
6	8	Piper Sandler Companies	381	3
7	23	Moelis & Company	377	3
8	4	Jefferies	375	2
9	34	Bank of America	345	2
10	64	Rothschild & Co	335	3

### Financial advisors by volume—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Stifel/KBW	530	6
2	28	Raymond James	315	5
3	-	Goldman Sachs & Co	669	4
4	70	Deloitte	475	3
5	8	Piper Sandler Companies	381	3
6	13	Moelis & Company	377	3
7	19	Rothschild & Co	335	3
8	24	Barclays	304	3
9	14	RBC Capital Markets	300	3
10	4	Canaccord Genuity Group	127	3

### Legal advisors by value—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	2	Wilson Sonsini Goodrich & Rosati	13,360	180
2	4	Goodwin Procter	12,358	103
3	3	Kirkland & Ellis	11,703	85
4	1	Latham & Watkins	11,562	107
5	51	Orrick Herrington & Sutcliffe	10,069	84
6	8	Sidley Austin	9,221	92
7	5	DLA Piper	7,395	110
8	29	Stikeman Elliott	5,298	57
9	35	Pinheiro Neto Advogados	4,934	49
10	12	Willkie Farr & Gallagher	4,905	49

### Legal advisors by volume—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	2	Wilson Sonsini Goodrich & Rosati	13,360	180
2	1	DLA Piper	7,395	110
3	3	Latham & Watkins	11,562	107
4	5	Goodwin Procter	12,358	103
5	7	Sidley Austin	9,221	92
6	4	Kirkland & Ellis	11,703	85
7	57	Orrick Herrington & Sutcliffe	10,069	84
8	15	Stikeman Elliott	5,298	57
9	9	Blake, Cassels & Graydon	4,571	50
10	18	Pinheiro Neto Advogados	4,934	49

## All sectors league tables—PR advisors

### PR advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	2	Joele Frank Wilkinson Brimmer Katcher	485,474	240
2	4	Brunswick Group	281,235	88
3	1	Sard Verbinnen & Co	192,936	151
4	8	ICR	187,478	123
5	3	Finsbury Glover Hering	174,140	69
6	10	Gladstone Place Partners	161,493	22
7	6	Abernathy MacGregor Group (AMO)	129,682	127
8	14	Edelman	72,427	45
9	5	Kekst CNC (Publicis)	63,442	91
10	11	FTI Consulting	40,823	48

### PR advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	3	Joele Frank Wilkinson Brimmer Katcher	485,474	240
2	1	Sard Verbinnen & Co	192,936	151
3	4	Abernathy MacGregor Group (AMO)	129,682	127
4	9	ICR	187,478	123
5	10	Prosek Partners	25,552	94
6	2	Kekst CNC (Publicis)	63,442	91
7	8	Brunswick Group	281,235	88
8	6	Lambert & Co	16,540	74
9	5	Finsbury Glover Hering	174,140	69
10	11	FTI Consulting	40,823	48

### PR advisors by value—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	3	Sard Verbinnen & Co	4,059	30
2	1	Joele Frank Wilkinson Brimmer Katcher	3,006	24
3	4	ICR	2,757	28
4	9	Abernathy MacGregor Group (AMO)	2,611	21
5	10	Prosek Partners	1,925	14
6	5	Finsbury Glover Hering	1,724	15
7	7	FTI Consulting	1,639	17
8	8	Edelman	1,529	11
9	6	Brunswick Group	1,292	11
10	2	Kekst CNC (Publicis)	898	7

### PR advisors by volume—mid-market (US\$5m-US\$250m)

2021	2020	Company name	Value (US\$m)	Deal count
1	2	Sard Verbinnen & Co	4,059	30
2	4	ICR	2,757	28
3	1	Joele Frank Wilkinson Brimmer Katcher	3,006	24
4	7	Abernathy MacGregor Group (AMO)	2,611	21
5	6	FTI Consulting	1,639	17
6	5	Finsbury Glover Hering	1,724	15
7	8	Prosek Partners	1,925	14
8	9	Edelman	1,529	11
9	11	Brunswick Group	1,292	11
10	66	Gateway Investor Relations	798	10

A woman with long brown hair, wearing a light pink top, is sitting at a white desk in a clothing store. She is smiling and looking at a laptop. She is holding a white and black mug. In the background, another woman is holding up a yellow top with black stripes. There are several cardboard boxes on the desk, some with shipping labels. A yellow banner is overlaid on the image with the word "Consumer" in black text.

Consumer

# The new consumer shapes deal profiles

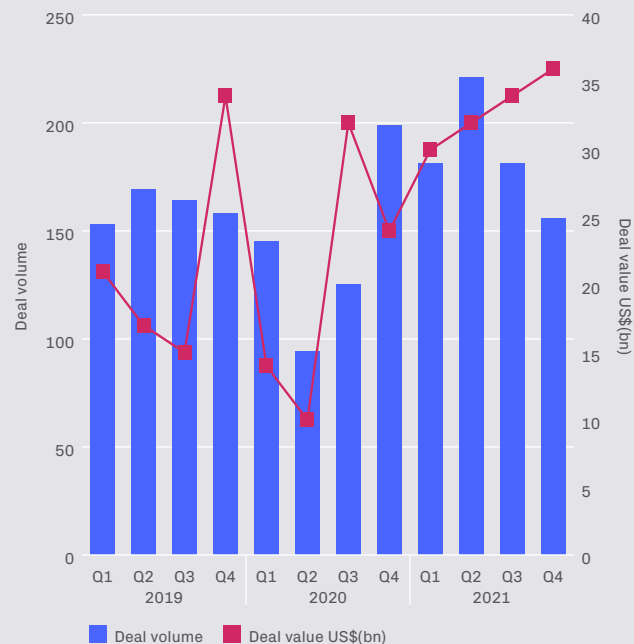
The consumer has played a starring role in the global COVID recovery of 2021. The resurgence in consumer demand, as demonstrated by the US consumer price index rising 7% last year, the highest rate in decades, is testament to this. In particular, consumer services have benefited from the reopening of the economy after bearing the brunt of stay-at-home measures in 2020.

In December, the Conference Board's consumer confidence index increased to a reading of 115.8, gaining on the previous month and pointing toward a continued bullish recovery in household spending in 2022.

M&A activity in the consumer sector built momentum in 2021, growing steadily from quarter to quarter to deliver US\$132.4bn worth of M&A through the year.

Aggregate value was up 67% on 2020, volume coming in at 739, an annual gain of 31%. These figures were also comfortably above 2019's totals as investors sought to ride the consumer revival.

### Consumer M&A activity, 2019-2021



Source: Mergermarket

### PE leverages health consciousness

Private equity was rarely far from the action. The largest deal of the year was valued at a relatively modest US\$6bn and saw Advent International and Centerbridge Partners offload water filtration company Culligan International to BDT Capital Partners. The deal plays into a number of secular trends that existed prior to the pandemic but have since accelerated. For one, consumers are more health-conscious and are choosing to drink more water instead of sodas. There is also a sustainability angle. Culligan's mission is to provide softer, cleaner water and the company has rallied against single-use plastics.

Private equity also featured in the second-largest consumer deal of the year: The Bountiful Company. Nestlé agreed to acquire the nutrition business from KKR and The Carlyle Group for US\$5.75bn. The deal was yet another health play, Bountiful boasting four vitamin and supplement brands. The recent health crisis has spurred demand for vitamins and supplements as consumers pay closer attention to their immune system function, with a compound annual growth rate (CAGR) of 8.7% expected across the industry over the next few years.



### A sporting chance

It is not just PE that is trying to catch the tide change in health consciousness. Dr Pepper Snapple Group offloaded an 85% stake in BA Sports Nutrition to Coca-Cola for US\$5.6bn. Coca-Cola initially acquired a 15% stake in the company, which makes the Bodyarmor “superhydration” drinks brand, in 2018 with rights to purchase the remaining majority, which it has now exercised.

Bodyarmor has leveraged Coke’s bottling distribution network since the initial investment three years prior and has grown to become the second most popular sports drink in the US after Gatorade. And while sugary drinks may not squarely fit the health-conscious criteria, the company prides itself on the fact its products use pure, chemically unadulterated cane sugar and benefits from an increasingly active population—gym memberships, for example, have grown 28% over the past decade.

### Consumer top bidders by value | 2021

	US\$(m)
USA	88,628
Brazil	11,831
Switzerland	7,050
Canada	4,961
Sweden	4,260

### Consumer top bidders by volume | 2021

	Deal count
USA	496
Canada	76
Brazil	48
France	19
United Kingdom	17



## Sustainability and wellbeing are evergreen themes

Economists who predicted that high inflation rates would be temporary were caught off-guard by the strength of the recovery in consumer demand. Price hikes at the end of 2020 were mostly due to issues on the supply side, with manufacturing and transportation firms struggling to ramp up activity after shutting down at the start of the pandemic, but thanks to government stimulus and pandemic recovery programs, consumers have shown that they were willing to spend in 2021. Going into 2022, as these support programs wind down, demand may decelerate.

Yet, everything points to thematic consumer M&A activity continuing its march in 2022. And deal flow is likely to come from adjacent industries, too. For example, pharma giant Johnson & Johnson has ambitions to hive off its consumer business to focus on its core drugmaking operations.

The turn toward e-commerce and curbside pick-up during the pandemic will also prompt consumer and retail firms to invest in improving their omnichannel sales capabilities. PE firm Apollo's take-private of Michaels, the hobby and craft retail chain, for US\$4.4bn is one example of this trend, with both parties citing the opportunity to invest in digital platforms and omnichannel offerings as a rationale for the transaction.

## Consumer top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	25-May-21	BDT Capital Partners, LLC	Culligan International Company	USA	Advent International Corporation; Centerbridge Partners, L.P.	6,000
2	30-Apr-21	Nestlé S.A.	The Bountiful Company	USA	KKR & Co. Inc.; The Carlyle Group	5,750
3	01-Nov-21	The Coca-Cola Company	BA Sports Nutrition LLC (85% Stake)	USA	Dr Pepper Snapple Group Inc.	5,600
4	09-Jul-21	Bath & Body Works, Inc. (Shareholders)	Victoria's Secret & Co.	USA	Bath & Body Works, Inc.	5,142
5	09-Aug-21	Cargill, Incorporated; ContiGroup Companies, Inc.	Sanderson Farms, Inc.	USA		4,619
6	03-Mar-21	Apollo Global Management, LLC	The Michaels Companies, Inc.	USA	Bain Capital, L.P.	4,420
7	16-Feb-21	Metropoulos & Co; One Rock Capital Partners, LLC	BlueTriton Brands Inc.	USA	Nestlé S.A.	4,300
8	06-May-21	Hellman & Friedman LLC	At Home Group Inc.	USA		4,217
9	11-Feb-21	Hormel Foods Corporation	The Kraft Heinz Company (nuts business)	USA	The Kraft Heinz Company	3,350
10	03-Aug-21	PAI Partners SAS	Naked Juice Company (61% Stake); Tropicana (61% Stake)	USA	PepsiCo, Inc.	3,300

## Consumer league tables

### Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	3	JPMorgan	37,548	24
2	8	Goldman Sachs & Co	36,583	30
3	6	Bank of America	28,439	24
4	9	Morgan Stanley	22,355	12
5	2	Credit Suisse	18,157	17
6	12	Citi	15,919	10
7	10	Lazard	15,466	15
8	42	Jamieson Corporate Finance	12,937	3
9	4	Evercore	12,281	10
10	17	Centerview Partners	11,329	7

### Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	9	Simpson Thacher & Bartlett	25,793	15
2	1	Davis Polk & Wardwell	18,684	12
3	12	Paul Weiss Rifkind Wharton & Garrison	17,067	14
4	14	Latham & Watkins	15,901	30
5	28	Blake, Cassels & Graydon	11,969	14
6	15	Gibson, Dunn & Crutcher	11,044	24
7	47	Ropes & Gray	10,679	17
8	38	DLA Piper	10,451	27
9	2	Wachtell, Lipton, Rosen & Katz	10,071	6
10	198	Willkie Farr & Gallagher	9,219	13

### Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	2	Goldman Sachs & Co	36,583	30
2	1	Houlihan Lokey	5,477	26
3	7	JPMorgan	37,548	24
4	3	Bank of America	28,439	24
5	57	Raymond James	3,625	22
6	20	Robert W. Baird & Co	4,428	21
7	15	Jefferies	3,865	21
8	6	Deloitte	147	18
9	12	Credit Suisse	18,157	17
10	19	William Blair & Company	2,357	17

### Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Kirkland & Ellis	8,560	61
2	2	Latham & Watkins	15,901	30
3	3	DLA Piper	10,451	27
4	18	Gibson, Dunn & Crutcher	11,044	24
5	11	Ropes & Gray	10,679	17
6	22	Stikeman Elliott	5,833	16
7	38	Sidley Austin	3,364	16
8	5	Winston & Strawn	916	16
9	10	Simpson Thacher & Bartlett	25,793	15
10	19	Skadden Arps Slate Meagher & Flom	7,777	15

**Energy, mining & utilities**



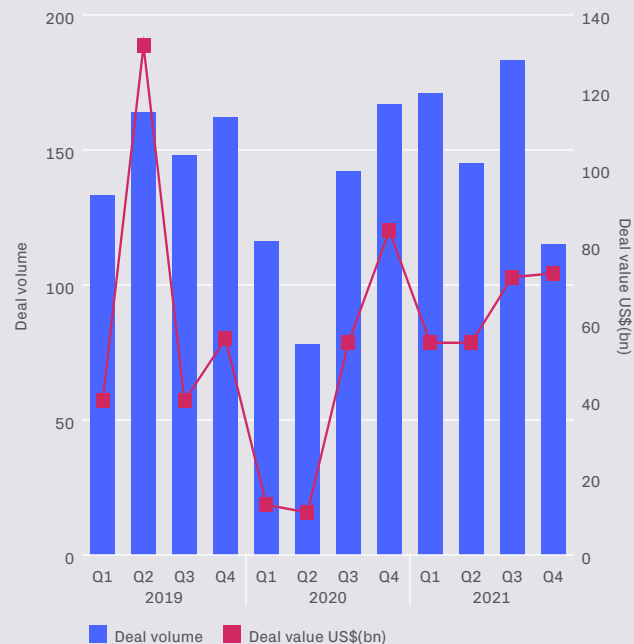
# Commodity rally brings fossil fuel producers and miners back to the deal table

As cyclically sensitive assets, energy, mining, and utilities (EMU) companies had a rough ride in 2020. After a slow start to 2021, things now look altogether different, confidence supported by the snapback in energy demand. For the first time in three years, the price of crude returned to the US\$80 per barrel mark in 2021 and remains elevated. This and the stabilizing economy has laid the foundations for acquirers to transact.

There was US\$255.5bn worth of transactions and 614 deals, representing annual gains of 57% and 22% respectively.

Deal activity in the sector was mostly a domestic affair, with US-to-US deals accounting for the most activity, as in most years. There were 265 such deals in 2021, worth US\$132.9bn—over half of total deal value in the region.

EMU M&A activity, 2019-2021



Source: Mergermarket

## Neighbor to the north

Despite the dominance of US deals, Canada claimed the two largest deals of 2021. The biggest was Brookfield Infrastructure Partners' US\$10.8bn acquisition of Inter Pipeline, a Calgary-based oil and gas transportation company that is among the largest transporters of oil sands bitumen in Canada. It has since been delisted from the Toronto Stock Exchange.

Canada also claimed the largest mining deal of the year, the US\$10.6bn purchase of Kirkland Lake Gold by Agnico Eagle Mines, the only EMU deal in the top ten belonging to the mining sector. Gold producers have also benefited from a rally in their commodity of choice. Gold surged in the first months of the pandemic to a new all-time high as investors sought a safe haven. Remarkably, the metal has largely managed to maintain those gains in the face of an epic bull run for Bitcoin, the so-called "digital gold". This made marginal and even unprofitable mines profitable once again and has undergirded confidence among producers to transact.

Only one other deal in the top ten was for a non-US deal—the US\$9.4bn privatization of Interconexión Eléctrica. The deal saw oil and gas firm Ecopetrol take over the country's largest energy transmission network from the government.

## Sustainability drivers

At first glance, many of the top deals in 2021 appear to be purely motivated by a desire to claim a larger share of fossil fuel production—the US, after all, has been slower to embrace the ESG revolution than Europe. But an underlying sustainability theme can be found.

For instance, independent players have been returning to the Permian Basin to mop up assets and gain an edge over their competitors in the largest shale gas field in the US. ConocoPhillips, Alaska's largest crude oil producer, took Royal Dutch Shell's Permian assets off its hands for US\$9.5bn. There is plenty of upside in the region, with some 50 years' worth of supply yet to be tapped. However, Shell was motivated to sell as part of its shifting focus on the clean energy transition.

There could be more of this to come. Chevron is reportedly seeking a buyer for some US\$1bn worth of Permian oil and gas assets, the coveted basin offering an opportunity for upstream players to raise cash by selling conventional assets as they seek to meet their long-term ESG goals.

## EMU top bidders by value | 2021

	US\$(m)
USA	140,048
Canada	49,891
Brazil	15,929
Colombia	9,387
Australia	7,500

## EMU top bidders by volume | 2021

	Deal count
USA	290
Canada	136
Brazil	49
United Kingdom	21
Australia	16

## EMU top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	10-Feb-21	Brookfield Infrastructure Partners L.P.	Inter Pipeline Ltd (80.48% Stake)	Canada		10,773
2	28-Sep-21	Agnico Eagle Mines Limited	Kirkland Lake Gold Ltd. (100% Stake)	Canada		10,625
3	20-Sep-21	ConocoPhillips Company	Royal Dutch Shell Plc (Permian Basin assets)	USA	Royal Dutch Shell Plc	9,500
4	02-Aug-21	Ecopetrol S.A.	Interconexión Eléctrica S.A. (51.4% Stake)	Colombia	Ministry of Finance and Public Credit	9,379
5	24-May-21	Cabot Oil & Gas Corporation	Cimarex Energy Co.	USA		9,041
6	14-Oct-21	Icahn Enterprises L.P.	Southwest Gas Corporation	USA		7,501
7	01-Jul-21	DTE Energy Company (Shareholders)	DT Midstream Inc.	USA	DTE Energy Company	7,089
8	17-Feb-21	Energy Transfer L.P.	Enable Midstream Partners L.P.	USA		6,858
9	18-Mar-21	PPL Corporation	The Narragansett Electric Company	USA	National Grid Plc	5,166
10	08-Jun-21	Contango Oil & Gas Company	Independence Energy, LLC	USA		4,410

## Consolidation for cost-saving

M&A offers an opportunity for traditional energy producers to better withstand the headwinds they face. When Cabot Oil & Gas Corporation merged with Cimarex Energy in a US\$9bn deal that created a US\$17bn player, it brought together Cabot's gas-rich Marcellus shale assets in the US northeast with Cimarex's oil-heavy acreage in West Texas. Coterra said it expects the merger will save the combined company about US\$100m a year through operational efficiencies. Consolidation plays such as this are likely to remain a common sight as companies pool resources and shave off costs to navigate the long-term energy transition.

While the upstream oil and gas sector has its work cut out for it, as investors steer away from operations with high carbon emissions and toward alternative energy sources, fossil fuels will remain a core part of the energy mix for years to come. And with energy demand rising, provided the floor price of oil stays high, M&A will follow.

## EMU league tables

### Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	2	Goldman Sachs & Co	78,890	34
2	1	JPMorgan	69,263	33
3	8	Barclays	63,880	23
4	5	Citi	50,300	38
5	25	Bank of America	36,734	26
6	3	Morgan Stanley	31,744	25
7	14	Lazard	30,974	21
8	18	BMO Capital Markets	29,979	21
9	13	TD Securities	29,734	20
10	6	RBC Capital Markets	27,365	29

### Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	9	Cravath, Swaine & Moore	60,876	10
2	4	Vinson & Elkins	45,736	45
3	12	Skadden Arps Slate Meagher & Flom	45,019	17
4	6	White & Case	44,316	39
5	25	Baker Botts	35,697	23
6	2	Latham & Watkins	32,793	38
7	53	Herbert Smith Freehills	30,386	10
8	3	Gibson, Dunn & Crutcher	29,877	19
9	14	Davis Polk & Wardwell	29,229	8
10	7	Kirkland & Ellis	27,489	51

### Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	4	Citi	50,300	38
2	2	Goldman Sachs & Co	78,890	34
3	7	JPMorgan	69,263	33
4	3	RBC Capital Markets	27,365	29
5	11	Jefferies	19,105	28
6	24	Bank of America	36,734	26
7	6	Morgan Stanley	31,744	25
8	14	Barclays	63,880	23
9	5	Lazard	30,974	21
10	20	BMO Capital Markets	29,979	21

### Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Kirkland & Ellis	27,489	51
2	3	Vinson & Elkins	45,736	45
3	4	White & Case	44,316	39
4	2	Latham & Watkins	32,793	38
5	7	Sidley Austin	14,250	27
6	28	Stikeman Elliott	11,283	25
7	11	Norton Rose Fulbright	14,476	24
8	6	Baker Botts	35,697	23
9	9	Blake, Cassels & Graydon	8,297	22
10	13	Fasken Martineau Dumoulin	15,949	21



# Financial services



# Mass disruption fuels financial services M&A

Financial services M&A was strong out of the gate in 2021 and gradually built as the year progressed before easing off in the final quarter. The sector was the third highest by value in the Americas.

All told, there were 838 deals, up 20% on pre-pandemic levels (2019), with US\$300.5bn in value recorded, besting 2019's total by just over 48%.

Another distinction is that the year's landmark transaction made it into the top ten M&A deals for the region. This was a purchase by Ireland's AerCap Holdings, the world's largest aircraft leasing company, of General Electric's aviation services business for US\$31.1bn.

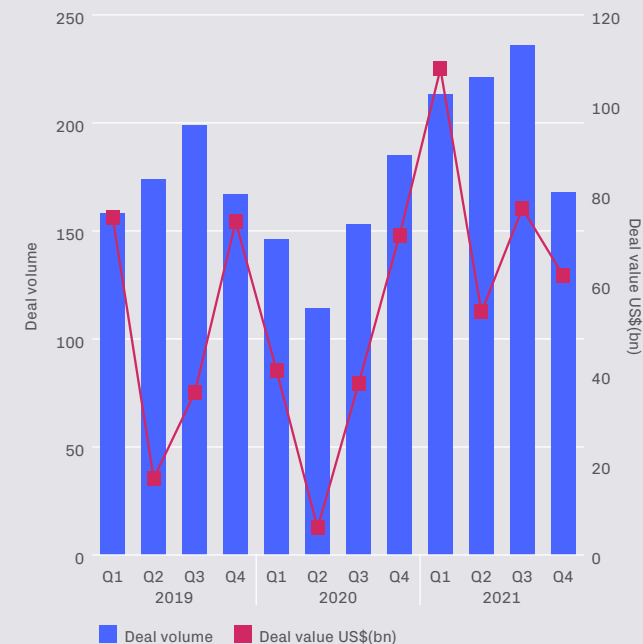
The sale is part of a bolder strategy of General Electric (GE), the conglomerate founded by Thomas Edison in 1892. Proceeds from GE Capital Aviation Services divestment have been used to settle around US\$30bn in liabilities held by the company's debt-saddled finance arm as it looks to return to its industrial roots. The remaining GE Capital assets have been folded into the group's core balance sheet.

## Foreign bidders

Not only did Ireland claim the largest deal of the year, US-based acquirers were conspicuously absent from any of the top five financial services M&As. In second place, Canada's Bank of Montreal (BMO) took advantage of French lender BNP Paribas' exit from the US retail banking space, part of a broader retreat by Europeans. BMO paid US\$16.3bn for Bank of the West as it seeks to extend its reach across North America, adding to its existing presence in a number of US states. European banks drawn to the size of the US market have been steadily retrenching, having struggled to compete against large lenders such as JPMorgan Chase, Bank of America, and Wells Fargo. Spain's BBVA and HSBC have both pulled out of the US.

The third-largest financial services deal, valued at US\$9.9bn, took place in South America. Hapvida, a Brazilian insurer and hospital operator, acquired Notre Dame Intermedica Participacoes, a São Paulo-headquartered health insurance and dental plan provider. The deal represented an exit for Bain Capital and created the country's largest hospital chain. While a financial services deal at heart, there is a clear pandemic theme, Brazil having been one of the hardest-hit countries in the current health crisis. The combined group has 8.4 million insurance clients at a time when people are prioritizing their health more than ever.

## Financial services M&A activity, 2019-2021



Source: Mergermarket



## SPAC season

These blockbuster deals say little about the widespread disruption that is shaking up financial services and, in the case of GE Capital Aviation Services and Bank of the West, more about the legacy issue of over-expansion. However, in September, the SPAC EIJ Acquisition Corp took Pagaya Technologies public through a de-SPAC merger, valuing the fintech at US\$8.5bn.

Pagaya, which harnesses artificial intelligence to expand banks' access to customers, has seen its value skyrocket in next to no time. As recently as 2020, the US-Israeli firm raised US\$102m in a private round and since then has increased its valuation 17-fold.

In another sizable SPAC deal, a consortium of PE and VC investors sold Better Mortgage Corporation to Aurora Acquisition Corp, a transaction that valued the business at US\$6.9bn. Better Mortgage is an online marketplace that provides instant mortgage rates and quotes, and eliminates commissions and fees.

## FS top bidders by value | 2021

	US\$(m)
USA	182,896
Ireland (Republic)	31,086
Canada	26,430
Brazil	21,807
United Kingdom	13,743

## FS top bidders by volume | 2021

	Deal count
USA	612
Brazil	61
Canada	60
United Kingdom	21
Bermuda	11

## Fintech of the future

SPACs are a natural fit for fintech, given these vehicles' focus on high-growth, tech-enabled disruptors. Blank check companies provide a fast-track to public markets for startups that may otherwise have to prove their track record for a number of years before floating.

Fintech startups globally raised a total of US\$94.7bn in the first three quarters of 2021, according to CB Insights. This was already twice as much as in all of 2020. The pandemic has only accelerated consumer adoption of digital services across all sectors, financial services included. This growth will be putting additional pressure on traditional firms to offer better services—potentially through bolt-on acquisitions of tech-enabled service providers.

## Financial services top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	10-Mar-21	AerCap Holdings N.V.	GE Capital Aviation Services LLC	USA	General Electric Company	31,086
2	20-Dec-21	Bank of Montreal	Bank of the West (100% Stake)	USA	BNP Paribas S.A.	16,300
3	27-Feb-21	Hapvida Participacoes e Investimentos S.A.	Notre Dame Intermedica Participacoes S.A.	Brazil	Bain Capital, L.P.	9,908
4	01-Feb-21	Itau Unibanco Holding S.A. (Shareholders)	XP Inc. (41.05% Stake)	Brazil	Itau Unibanco Holding S.A.	9,163
5	28-Oct-21	Covea SGAM	PartnerRe Ltd (100% Stake)	Bermuda	Exor N.V.	9,000
6	15-Sep-21	EJF Acquisition Corp.	Pagaya Technologies Ltd.	USA		8,525
7	21-Sep-21	US Bancorp	MUFG Union Bank, N.A.	USA	Mitsubishi UFJ Financial Group, Inc.	7,971
8	22-Feb-21	M&T Bank Corporation	People's United Financial, Inc.	USA		7,782
9	08-Mar-21	Apollo Global Management, LLC	Athene Holding Ltd (65% Stake)	Bermuda		7,391
10	11-May-21	Aurora Acquisition Corp.	Better Mortgage Corporation	USA	L Catterton Management Limited; Kleiner Perkins; Pine Brook Road Partners LLC; IA Ventures; American Express Ventures; Activant Capital Group LLC; 9Yards Capital	6,900

## Financial services league tables

### Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	3	Goldman Sachs & Co	119,990	44
2	1	JPMorgan	98,214	46
3	2	Morgan Stanley	91,417	32
4	6	Citi	84,736	26
5	16	Barclays	49,190	23
6	5	Evercore	41,871	22
7	23	PJT Partners	35,516	8
8	11	Stifel/KBW	35,201	54
9	24	Lazard	33,594	12
10	17	Piper Sandler Companies	29,948	80

### Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Piper Sandler Companies	29,948	80
2	4	Stifel/KBW	35,201	54
3	2	JPMorgan	98,214	46
4	3	Goldman Sachs & Co	119,990	44
5	5	Raymond James	8,969	40
6	6	Morgan Stanley	91,417	32
7	22	Stephens	7,649	29
8	13	Citi	84,736	26
9	11	Barclays	49,190	23
10	8	Evercore	41,871	22

### Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	5	Sullivan & Cromwell	97,922	45
2	15	White & Case	62,630	23
3	9	Paul Weiss Rifkind Wharton & Garrison	58,796	12
4	2	Simpson Thacher & Bartlett	51,990	32
5	7	Wachtell, Lipton, Rosen & Katz	48,309	23
6	1	Skadden Arps Slate Meagher & Flom	47,638	48
7	27	Freshfields Bruckhaus Deringer	46,777	11
8	20	Cravath, Swaine & Moore	42,347	5
9	4	Davis Polk & Wardwell	40,903	27
10	41	Clifford Chance	35,274	10

### Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Kirkland & Ellis	32,462	60
2	2	Skadden Arps Slate Meagher & Flom	47,638	48
3	6	Sullivan & Cromwell	97,922	45
4	7	Alston & Bird	12,211	41
5	10	Latham & Watkins	30,147	34
6	3	Sidley Austin	26,284	34
7	9	Simpson Thacher & Bartlett	51,990	32
8	13	Davis Polk & Wardwell	40,903	27
9	8	Debevoise & Plimpton	34,264	27
10	4	Willkie Farr & Gallagher	17,475	27



# Industrials & chemicals

# Tech and sustainability underpin activity in this traditional sector

Industrials and chemicals (I&C) was not only the second-highest value sector for M&A, it was the second-busiest too in terms of the number of deals.

US\$320.7bn was invested across 1,363 transactions, representing annual gains of 114% and 37% respectively.

That surge in invested dollars came early, Q1 being the highest-value quarter on record for the I&C industry. This was in part thanks to the US\$28.5bn merger between electric vehicle (EV) firm Lucid Group and Churchill Capital Group, a SPAC. The transaction illustrates how sustainability and disruptive innovation are informing investors' theses and decision-making across various sectors, including industrial segments of the economy.

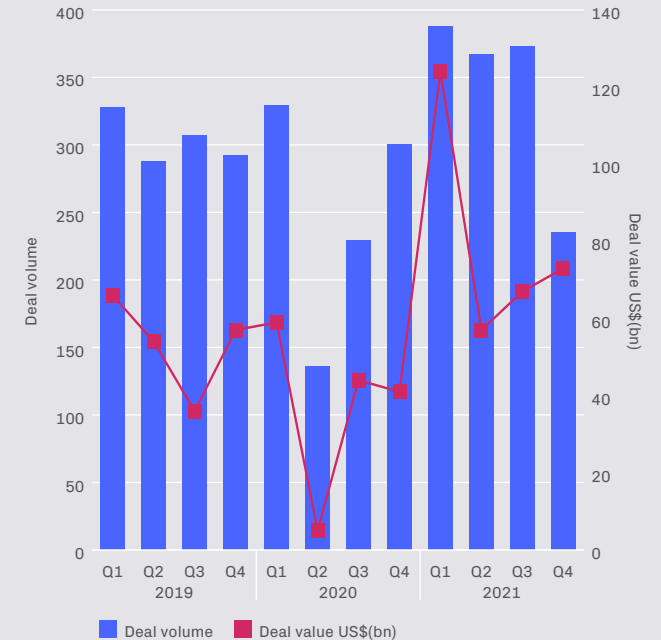
## SPAC inspections

Set up by former Tesla engineer Peter Rawlinson, Lucid evolved from building EV batteries and powertrains for other manufacturers to developing its own line of high-performance cars. The company is set to capture the exponential growth in EV vehicles on the road as consumers become more environmentally conscious, and governments increasingly enforce carbon emissions targets. However, the deal hit a snag in December when the SEC launched a probe into disclosures and forecasts it made in its financial statements when it listed in July.

It is not the first time the market regulator has scrutinized a SPAC involved in an EV deal over supposedly misleading claims to investors. The SEC in December reached an agreement with electric truck manufacturer Nikola to settle an investigation that the company had misled investors.

SPACs have shown a willingness to embrace assets which pose higher risks but also promise higher potential returns, including in the field of vertical takeoff and landing (VTOL) aircraft technology, also known as air taxis. Among the biggest deals of the year in the Americas was the merger of Joby Aero, a VTOL developer, with Reinvent Technology Partners, a SPAC, for US\$5bn.

## I&C M&A activity, 2019-2021



Source: Mergermarket

## I&C top bidders by value | 2021

	US\$(m)
USA	253,974
Canada	12,317
Sweden	12,005
Italy	5,582
Switzerland	4,755

## I&C top bidders by volume | 2021

	Deal count
USA	1,012
Canada	117
Brazil	33
United Kingdom	25
Sweden	22

## Seeing is believing

Another major deal of the year which demonstrated the attractiveness of cutting-edge technology was the acquisition of FLIR Systems for a little under US\$8bn by industrial conglomerate Teledyne. FLIR specializes in designing and manufacturing thermal imaging infrared cameras.

FLIR's technology has applications in a range of industries, including surveillance and security, but key growth areas include the automotive industry. With the continued development of ADAS (advanced driver-assistance systems) and self-driving cars, FLIR's thermal imaging can be used to complement other imaging technologies.

The global acceleration in digital adoption is having consequences in all regions and sectors—and semiconductor technology is key to enabling all of these technological innovations. One of the biggest deals of the year saw semiconductor equipment supplier Entegris acquire CMC Materials in December in a US\$6.5bn deal. CMC produces critical materials including chemical slurries and pads for polishing semiconductor wafers.

The semiconductor industry is benefiting from strong tailwinds. Supply shortages have hit a swathe of industries amid the pandemic, ensuring high demand for chips. Globally, it was estimated that semiconductor sales were up more than 25% in 2021 with projected growth of 8.8% in 2022, according to the Semiconductor Industry Association.



## I&C top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	22-Feb-21	Lucid Group, Inc.	Atieva, Inc.	USA		28,494
2	23-Dec-21	Quidel Corporation	Ortho Clinical Diagnostics Holdings plc (100% Stake)	USA	The Carlyle Group	8,448
3	04-Jan-21	Teledyne Technologies Incorporated	FLIR Systems, Inc.	USA		7,804
4	15-Dec-21	Entegris, Inc.	CMC Materials, Inc. (100% Stake)	USA		6,488
5	26-Apr-21	Standard Industries Inc.	W. R. Grace & Co.	USA		6,323
6	05-Mar-21	TSG Consumer Partners, LLC; StepStone Group Inc.; BayPine	Mavis Tire Supply LLC	USA	Golden Gate Capital	6,000
7	14-Jul-21	EQT Partners AB	Covanta Holding Corporation	USA		5,290
8	02-Nov-21	DuPont de Nemours, Inc.	Rogers Corporation (100% Stake)	USA		5,281
9	06-Jul-21	Platinum Equity, LLC	Solenis LLC	USA	Clayton, Dubilier & Rice, LLC; BASF SE	5,250
10	24-Feb-21	Joby Aviation, Inc.	Joby Aero, Inc.	USA		5,015

## PE plays ESG angle

Private equity claimed just over 28% of I&C deal value in the year. Among the biggest saw Swedish fund manager EQT Partners pay US\$5.3bn to delist waste-to-energy firm Covanta from the New York Stock Exchange. The business converts around 21 million tons of waste into sustainable electricity, and produces circa 10TWh of baseload electricity and some 600,000 tons of recycled metals per year.

Sustainability is a clear and present motivating theme for PE. Platinum Equity acquired Solenis for US\$5.3bn from fellow buyout house Clayton, Dubilier & Rice, and its strategic co-investor on the asset, BASF, the German industrial titan. Solenis, which provides chemicals for water-intensive industries, merged with existing Platinum Equity portfolio company Sigura Water as part of the deal. Speaking on the acquisition at the time, Solenis CEO John Panichella said there is “increasing demand for a world that’s safer, healthier and more sustainable,” noting that the company is positioned to benefit from this secular trend.



## I&C league tables

### Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	6	Citi	98,331	30
2	4	Bank of America	88,929	38
3	1	Goldman Sachs & Co	85,859	45
4	5	JPMorgan	77,341	50
5	2	Morgan Stanley	61,750	25
6	9	Barclays	54,131	35
7	13	Credit Suisse	47,902	38
8	3	Evercore	33,125	20
9	46	Guggenheim Partners	30,370	6
10	27	Lazard	24,219	31

### Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	9	Kirkland & Ellis	82,413	115
2	4	Davis Polk & Wardwell	67,847	19
3	14	Shearman & Sterling	64,936	12
4	3	Latham & Watkins	60,125	64
5	7	Weil Gotshal & Manges	53,586	34
6	8	Skadden Arps Slate Meagher & Flom	53,347	31
7	6	Sullivan & Cromwell	47,374	28
8	27	Gibson, Dunn & Crutcher	35,589	20
9	25	Paul Weiss Rifkind Wharton & Garrison	30,444	28
10	16	White & Case	29,985	38

### Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	3	Robert W. Baird & Co	9,547	56
2	8	JPMorgan	77,341	50
3	2	Goldman Sachs & Co	85,859	45
4	1	Houlihan Lokey	6,260	45
5	7	Lincoln International	1,802	44
6	5	Jefferies	22,125	40
7	4	Bank of America	88,929	38
8	27	Credit Suisse	47,902	38
9	16	Barclays	54,131	35
10	28	Stifel/KBW	15,847	35

### Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Kirkland & Ellis	82,413	115
2	2	Jones Day	26,830	69
3	3	Latham & Watkins	60,125	64
4	5	DLA Piper	13,649	45
5	11	White & Case	29,985	38
6	9	Ropes & Gray	17,331	36
7	12	Sidley Austin	10,608	36
8	7	Weil Gotshal & Manges	53,586	34
9	21	Fasken Martineau Dumoulin	4,713	34
10	19	Skadden Arps Slate Meagher & Flom	53,347	31

**Pharma, medical & biotech**



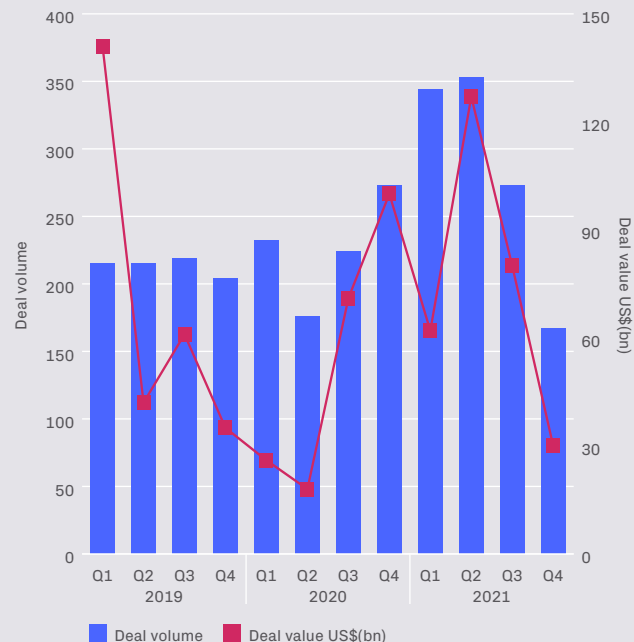
# Preclinical outsourcing proves to be a cash cow

After a year-over-year drop in total deal value in 2020, the PMB sector put in a solid showing in 2021. Although volume and value dropped in the fourth quarter to the weakest of the last three years by both measures, activity was strong enough in the first three quarters that this did not stop total values and volume across 2021 from registering an annual climb.

Deal volume was up 26% and value rose by 40%, to 1,137 transactions and US\$299.9bn invested, compared to 2020. Not only that, the 2021 totals represented an increase on the pre-pandemic levels of 2019.

As expected, US buyers dominated proceedings with nearly 79% of total value and 76% of volume. Indeed, domestic US-to-US deals accounted for eight of the top ten deals of the year. And while the other two transactions had foreign buyers, they involved US-based targets.

**PMB M&A activity, 2019-2021**



Source: Mergermarket

## Clinical trials boom

The largest deal involving a foreign bidder saw the acquisition of contract research organization (CRO) PRA Health Sciences by Ireland-based ICON for US\$12.1bn. The merger of equals creates a US\$20bn outsourcing business. ICON offers services such as clinical trial management, statistical analysis, data management, medical writing, and regulatory and drug development consulting.

The deal is not the only major CRO transaction of the year—medical equipment-maker Thermo Fisher acquired CRO firm PPD for US\$21bn in one of the biggest deals of the year. PPD provides a range of clinical research and laboratory services to accelerate drug development and has established Thermo Fisher as a force to be reckoned with in the CRO space.

The CRO market is showing solid growth as pharma and biotech companies invest in outsourcing preclinical study activities to these third parties, fueled by the need for the development of new and innovative medicines. It is estimated that, globally, the market will grow CAGR by 7.5% up to 2030.

## PMB top bidders by value | 2021

	US\$(m)
USA	235,725
Ireland (Republic)	16,223
Sweden	8,807
France	6,248
United Kingdom	5,521

## PMB top bidders by volume | 2021

	Deal count
USA	864
Brazil	77
Canada	61
United Kingdom	16
Switzerland	12
Sweden	12

## PE power play

The PPD deal involved the exit of PE firm Hellman & Friedman, but the deal was not the only major one in the PMB space for the San Francisco-based buyout house. The largest deal of the year in healthcare saw a buyout group made up of the Carlyle Group, Hellman & Friedman, Blackstone Group, Abu Dhabi Investment Authority and GIC team up to acquire medical equipment manufacturer Medline.

The US\$34bn deal is the biggest leveraged buyout in the US for 14 years and was one of only five PE deals valued north of US\$10bn across all industries in 2021. Medline manufactures and delivers medical supplies.

With SARS-CoV2 likely to become endemic, it will have to be managed indefinitely, meaning the healthcare industry will need timely and dependable supplies, including personal protection equipment (PPE) kits, which are among Medline's products.

The Medline deal helped ensure that aggregate PMB buyout value more than doubled from US\$32.4bn in 2020 to US\$88.7bn in 2021. But the outside deal was not the only reason buyout activity in the sector was healthy—the number of transactions also went up substantially, by 44% to 313 deals.



## Biotech disruptors

As has been a theme all year, the PMB sector saw a convergence between companies developing cutting-edge innovations and SPACs. Soaring Eagle Acquisition Corp made the third-largest PMB M&A of 2021 when it acquired Ginkgo Bioworks for US\$20bn. Ginkgo is a synthetic biology company that specializes in using genetic engineering to produce bacteria with industrial applications. Its cell programming technology can make everything from food to materials to therapeutics.

In the same way that technology is reshaping sectors and how companies conduct their business, advances in biotech have the potential to be just as transformative across the industry spectrum—and investors will be in tow of these disruptors.

With so much money in the hands of SPACs—and given their well-known appetite for early-stage technologies—more deals like Ginkgo could be on the horizon. At the same time, large pharma firms will also be on the lookout for biotechs. Replenishing IP pipelines through tuck-in acquisitions of innovative startups has long been a growth strategy among corporates in this sector.

## PMB top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	05-Jun-21	The Carlyle Group; Hellman & Friedman LLC; Blackstone Group Inc.; Abu Dhabi Investment Authority; GIC Private Limited	Medline Industries, Inc.	USA		34,000
2	15-Apr-21	Thermo Fisher Scientific Inc.	PPD, Inc.	USA	Hellman & Friedman LLC	20,976
3	11-May-21	Soaring Eagle Acquisition Corp.	Ginkgo Bioworks, Inc.	USA		20,110
4	24-Feb-21	ICON plc	PRA Health Sciences, Inc.	USA		12,123
5	02-Sep-21	Baxter International, Inc.	Hill-Rom Holdings, Inc.	USA		11,858
6	17-Jun-21	Danaher Corporation	Aldevron, LLC	USA	EQT Partners AB; TA Associates Management, L.P.	9,600
7	02-Jul-21	EQT Partners AB; Goldman Sachs (private equity operations)	PAREXEL International Corporation	USA	Pamplona Capital Management LLP	8,500
8	30-Sep-21	Merck & Co., Inc.	Acceleron Pharma, Inc. (60.33% Stake)	USA		6,975
9	27-Apr-21	Humana Inc.	Kindred at Home (60% Stake)	USA	TPG Capital L.P.; Welsh, Carson, Anderson & Stowe	5,700
10	26-Jul-21	PerkinElmer, Inc.	BioLegend Inc.	USA		5,250

## PMB league tables

### Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	5	Goldman Sachs & Co	163,099	50
2	3	JPMorgan	121,465	49
3	2	Morgan Stanley	109,465	24
4	1	Centerview Partners	87,952	21
5	15	Barclays	77,829	25
6	4	Bank of America	67,939	15
7	17	Citi	42,253	21
8	10	Jefferies	34,600	48
9	-	BDT & Company	34,000	1
10	16	Credit Suisse	21,749	15

### Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	38	Simpson Thacher & Bartlett	76,291	12
2	1	Wachtell, Lipton, Rosen & Katz	75,971	11
3	5	Cravath, Swaine & Moore	60,743	11
4	10	Kirkland & Ellis	59,741	66
5	12	Ropes & Gray	49,057	44
6	114	Cleary Gottlieb Steen & Hamilton	43,488	8
7	32	White & Case	41,891	32
8	8	Latham & Watkins	40,576	45
9	74	Dechert	38,301	8
10	24	Debevoise & Plimpton	37,022	11

### Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Goldman Sachs & Co	163,099	50
2	4	JPMorgan	121,465	49
3	2	Jefferies	34,600	48
4	9	Houlihan Lokey	7,156	28
5	18	William Blair & Company	6,627	27
6	10	Barclays	77,829	25
7	6	Morgan Stanley	109,465	24
8	27	Moelis & Company	6,628	22
9	7	Centerview Partners	87,952	21
10	22	Citi	42,253	21

### Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	9	McGuireWoods	1,523	85
2	1	Goodwin Procter	22,307	82
3	2	McDermott Will & Emery	4,016	68
4	4	Wilson Sonsini Goodrich & Rosati	11,830	67
5	3	Kirkland & Ellis	59,741	66
6	7	DLA Piper	9,567	50
7	5	Latham & Watkins	40,576	45
8	8	Ropes & Gray	49,057	44
9	6	Cooley	20,330	40
10	11	Sidley Austin	6,933	38

# Telecoms, media & technology



# The tech juggernaut rolls on

It would be an understatement to say that TMT sector M&A blew every other industry out of the water in 2021. Deal value surged by 156% to US\$1.1tn, with 2,954 transactions tracked, a 64% gain. At no point in history has any sector delivered these levels of M&A activity.

Deals of all sizes surged in volume, but it was the more than doubling in number of megadeals that was responsible for the exceptional turnout.

Indeed, there were 36 transactions above the US\$5bn mark compared with 17 in 2020 and 12 in 2019. And the combined value of these 36 megadeals was as much as US\$578.1bn, more than half of the year's total TMT value.

With this in mind, it is unsurprising that the largest deal of the year in TMT was also the largest one overall across all the sectors—the aforementioned sale of TV and movie studio WarnerMedia to Discovery for US\$96.2bn. The gargantuan merger, which is still awaiting regulatory approval, is expected to close midway through 2022.

## Media in state of flux

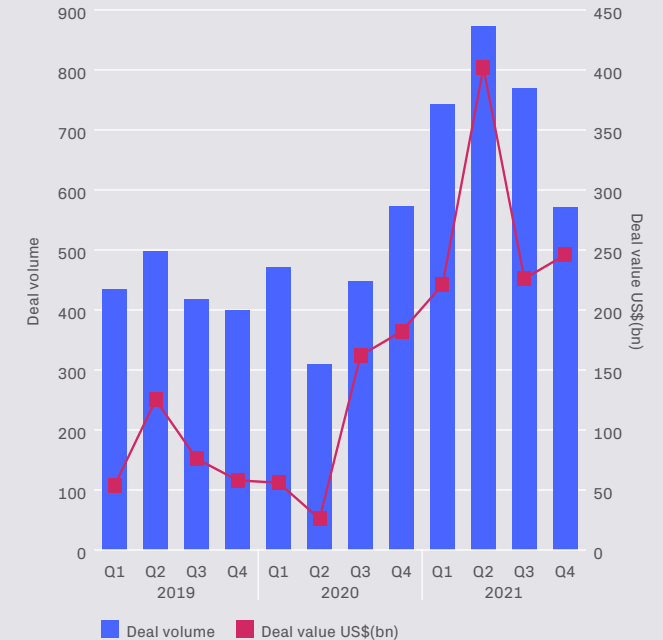
The Warner deal comes on the heels of years of upheaval in the media industry as a result of new entrants like the tech-first Netflix and Amazon. The announcement of the deal came only three years after the close of Warner's sale to telecoms firm AT&T.

Traditional media and entertainment firms have attempted to compete with their own streaming platforms—the most successful so far has been Disney+. WarnerMedia's HBO Max, launched last year, has seen robust subscription growth despite being hampered by existing deals which prevent it from expanding into certain international markets.

The year also saw one of the oldest and most iconic movie production and distribution companies, MGM, sold to Amazon for US\$8.5bn.

Whether media companies, faced with both growing demand from consumers and competitive pressure from technology firms, are better off in vertical integration mergers with telcos (like AT&T/Warner) or with tech firms (like Amazon/MGM), or in horizontal ones between themselves (like Discovery/Warner) remains to be seen. However it shakes out, the next few years of media industry M&A are set to be active—and interesting.

## TMT M&A activity, 2019-2021



Source: Mergermarket





### Cash shell valuations

It was inevitable that a SPAC would feature among the largest TMT M&As of the year and that is exactly what happened. In fact, Lionheart Acquisition Corporation II's investment into MSP Recovery at a valuation of US\$44.3bn was the second-largest SPAC deal of the year after Altimeter Growth Corp's merger with Singaporean ride-hailing company Grab Holdings. MSP specializes in the recovery of improperly paid Medicaid of the US\$3.6tn settled by healthcare payers every year. The company claims to own nearly US\$50bn in billed claims from its clients, which include hospitals, health insurers, and medical providers, and expects this to grow to US\$263bn. The SPAC says it values MSP at about 10.5 times expected 2023 revenues.

Again, regulators have expressed concerns over the past year about how SPAC mergers are pitched to investors, including the valuations they carry. In the case of MSP, the company stated in its prospectus that traditional benchmarking metrics, such as comparable transactions or the trading prices of comparable companies, were unavailable since the company is establishing "a new category of business enterprise".

### TMT top bidders by value | 2021

	US\$(m)
USA	915,461
Canada	36,398
France	34,023
Japan	26,426
Sweden	21,807

### TMT top bidders by volume | 2021

	Deal count
USA	2,176
Canada	195
Brazil	131
United Kingdom	118
Japan	52

## TMT top 10 announced deals, 2021

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	17-May-21	Discovery, Inc.	WarnerMedia, LLC.	USA	AT&T Inc.	96,153
2	14-Apr-21	Dell Technologies Inc (Shareholders)	VMware, Inc. (80.65% Stake)	USA	Dell Technologies Inc	60,813
3	12-Jul-21	Lionheart Acquisition Corporation II	MSP Recovery, LLC	USA		44,334
4	20-Oct-21	PayPal Holdings, Inc.	Pinterest, Inc. (100% Stake)	USA		38,862
5	22-Jun-21	Vivendi S.A. (Shareholders)	Universal Music Group BV	USA	Vivendi S.A.	32,461
6	16-Dec-21	Oracle Corporation	Cerner Corporation (100% Stake)	USA		29,201
7	15-Mar-21	Rogers Communications Inc.	Shaw Communications Inc.	Canada		21,180
8	12-Apr-21	Microsoft Corporation	Nuance Communications, Inc.	USA		19,322
9	22-Nov-21	Hellman & Friedman LLC; Bain Capital, L.P.; Abu Dhabi Investment Authority; GIC Private Limited	Athenahealth, Inc.	USA	Veritas Capital Fund Management, LLC; Elliott Investment Management L.P.	17,000
10	08-Nov-21	Permira Advisers LLP; Advent International Corporation; Abu Dhabi Investment Authority; GIC Private Limited; Canada Pension Plan Investment Board; Crosspoint Capital Partners, L.P.	McAfee Corp. (100% Stake)	USA	TPG Capital L.P.; Intel Corporation; Thoma Bravo, LLC	15,375

## Private equity pickings

The largest TMT PE deal was the US\$17bn acquisition of Athenahealth by Hellman & Friedman, Bain Capital, Abu Dhabi Investment Authority, and GIC Private. The IT vendor serves healthcare providers with a suite of cloud-based services that combines practice management, electronic health records and care coordination, and revenue tracking. The pandemic has ignited demand for healthcare information systems that can improve operational efficiencies and reduce costs, particularly revenue cycle management applications.

Only one other PE deal made it to the top ten of the year in TMT—the US\$15.4bn acquisition of antivirus software developer McAfee by buyout firms Permira and Advent.

The relative lack of PE deals among the top deals of the year should not be seen as an indication that PE stayed away from transactions in the sector, however. On the contrary, total buyout value more than doubled on 2020, to reach US\$289.6bn. Nor was this simply a case of a few outsized deals throwing off the balance—the total number of deals also more than doubled, from 511 transactions to 1,083 over the same period. And although exit activity increased by a more modest pace, it saw volume rise by 39% to 701 deals worth US\$214.7bn—an annual increase of 30% in value terms.

With so much cash available to them, both in terms of the large sums of dry powder that remains unallocated and cheap financing, strong levels of PE activity in TMT in the coming 12 months should not come as a surprise.

## TMT league tables

### Financial advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	3	Goldman Sachs & Co	524,592	129
2	4	JPMorgan	387,158	114
3	2	Morgan Stanley	302,475	85
4	1	Bank of America	264,123	61
5	9	Barclays	199,171	44
6	5	Credit Suisse	165,342	59
7	8	Citi	158,976	49
8	15	LionTree Advisors	127,132	24
9	53	Allen & Company	124,574	10
10	10	Lazard	116,270	41

### Legal advisors by value

2021	2020	Company name	Value (US\$m)	Deal count
1	13	Simpson Thacher & Bartlett	253,501	66
2	3	Sullivan & Cromwell	252,548	49
3	6	Wachtell, Lipton, Rosen & Katz	243,981	27
4	4	Kirkland & Ellis	219,657	278
5	1	Latham & Watkins	219,570	190
6	29	White & Case	166,621	70
7	18	Davis Polk & Wardwell	138,152	64
8	87	Fried Frank Harris Shriver & Jacobson	136,400	29
9	2	Skadden Arps Slate Meagher & Flom	121,556	75
10	37	Alston & Bird	117,869	22

### Financial advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Goldman Sachs & Co	524,592	129
2	3	JPMorgan	387,158	114
3	2	Morgan Stanley	302,475	85
4	7	William Blair & Company	32,987	80
5	10	Houlihan Lokey	22,405	74
6	6	Raymond James	14,374	66
7	5	Evercore	105,713	62
8	4	Bank of America	264,123	61
9	9	Canaccord Genuity Group	6,461	61
10	12	Credit Suisse	165,342	59

### Legal advisors by volume

2021	2020	Company name	Value (US\$m)	Deal count
1	1	Kirkland & Ellis	219,657	278
2	3	Goodwin Procter	53,676	217
3	5	Wilson Sonsini Goodrich & Rosati	52,138	212
4	2	DLA Piper	78,841	192
5	6	Latham & Watkins	219,570	190
6	4	Cooley	49,842	131
7	19	Orrick Herrington & Sutcliffe	22,853	123
8	7	Sidley Austin	53,665	103
9	12	Willkie Farr & Gallagher	31,554	88
10	8	Weil Gotshal & Manges	102,663	85

### About this report

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For a full version of the Mergermarket M&A deal database inclusion and league table criteria, go to: [www.mergermarket.com/pdf/deal\\_criteria.pdf](http://www.mergermarket.com/pdf/deal_criteria.pdf)



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